

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

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| In the Matter Of |) | |
| |) | |
| Lifeline and Link Up Reform and |) | WC Docket No. 11-42 |
| Modernization |) | |
| |) | |
| Telecommunications Carriers Eligible for |) | WC Docket No. 09-197 |
| Universal Service Support |) | |
| |) | |
| Connect America Fund |) | WC Docket No. 10-90 |
| _____ |) | |

**REPLY COMMENTS OF
THE CALIFORNIA EMERGING TECHNOLOGY FUND**

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Broadband Opportunity Council Report and Recommendations Pursuant to the Presidential Memorandum on Expanding Broadband Deployment and Adoption by Addressing Regulatory Barriers and Encouraging Investment and Training, by U.S Department of Agriculture and Department of Commerce, Aug. 20, 2015 (“BOC Report”).

Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, In the Matter of Lifeline and Link Up Reform and Modernization, WC Docket 11-42, Telecommunications Carriers Eligible for Universal Service Support, WC Docket 09-197; Connect America Fund, WC Docket 10-90, FCC 15-71 (adopted June 18, 2015; rel. June 22, 2015) (“Broadband Lifeline Notice”)

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California Public Utilities Code Sections 710(b).

Proposed Decision of ALJ Bemserderfer, Decision Granting with Conditions Application to Transfer Condition, Joint Application of Comcast Corp. Time Warner Cable, Inc. et al, California Public Utilities Commission dockets Application (A.) 14-04-013 (filed April 11, 2014) and A.14-06-012 (filed June 17, 2014), Appendix A, Conditions at 13 (mailed Feb. 13, 2015). This application was subsequently withdrawn by Comcast and Time Warner Cable.

International

Impact of Broadband on the Economy, Telecom Development Sector, ITU Study, dated April 2012.

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**REPLY COMMENTS OF
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I. Introduction

The California Emerging Technology Fund (CETF) hereby files its Reply Comments in the above-referenced Lifeline and Link Up Reform and Modernization dockets. As the mission of CETF focuses on broadband issues, it will not comment on voice-only issues.

A. Commenters Strongly Agree with FCC that Broadband Should Be Added to the Federal Lifeline Program

CETF is pleased to see a chorus of “ayes” for the FCC’s proposal to add broadband to the federal Lifeline program. In light of the major thrust of the comments, CETF urges the FCC to promptly act to ensure low-income consumers have a chance to use technology tools to cross over the Digital Divide to economic self-sufficiency. Access to the Internet at home and computer training help all consumers have opportunities to fully participate in 21st Century life. The voluminous supportive comments provide ample data from various constituencies –

consumer groups, unions, educational community, health care providers, children’s advocates, minority organizations, and broadband non-profit policy groups like CETF – demonstrating that low-income persons are disproportionately unconnected to broadband at home due to cost, relevance, equipment and computer training. For example, Public Knowledge filed compelling statistics showing that rural low-income households earning under \$25,000 a year have very low broadband penetration at 36%.¹ This figure is significantly lower than the national average. Connected Nation described an “Internet underclass” that “faces ever-higher bars to inclusion and ever-decreasing set of opportunities.” Connected Nation cited statistics for eight states and Puerto Rico correlating low broadband adoption at home rates with low-income and are often minority households.² Microsoft noted that 5 million households do not have broadband at home.³ Common Sense Kids Action focused attention on five million households with school-age children that don’t have broadband at home, and must access the Internet at a friend’s house, a public library or a commercial location with free Wi-Fi to do their online homework. Common Sense made the point that this “prevents low-income students from fully preparing for each school day, putting them at a further educational disadvantage with their more affluent peers.”⁴ CETF showed via the statewide 2015 Annual Survey measuring broadband adoption in California that six major groups fell below our statewide average of broadband adoption: Spanish speakers; African Americans; households earning below \$40,000 per year; adults aged 65 or older; people with disabilities; and non-high school graduates.⁵

Comcast, one of the nation’s largest broadband providers, reported that it is currently running pilot programs offering its discounted broadband program called Internet Essentials to

¹ Public Knowledge Comments, at 13-16.

² Connected Nation Comments, at 4-5.

³ Microsoft Comments, at 8.

⁴ Common Sense Kids Action Comments, at 6.

⁵ CETF Comments, at 9-10.

seniors at the \$9.95 per month rate.⁶ CETF commends Comcast on this path-breaking pilot. CETF concurs that low-income seniors need particular focus as to broadband adoption efforts. For seniors, there are many barriers to broadband adoption. The high cost of retail broadband offerings is certainly the major barrier for a senior on a fixed income. Further, relevance and digital literacy skills are more pronounced for seniors, who did not grow up with technology the way the current “digital natives” have.⁷

This is one reason CETF proposes funding for experienced CBOs to perform outreach and digital literacy training to target underrepresented groups such as seniors, low-income households, immigrants, tribal, rural communities, and people with disabilities. Similarly, Connected Nation, an experienced broadband adoption organization, pointed to the important role of CBOs as “effective ambassadors for Lifeline and distributors for connectivity.”⁸ Connected Nation suggests, “The Commission can transform the Lifeline program into a platform that would recruit these organizations to the cause, take advantage of their energy and, fundamentally, increase the connectivity that a coordinated outreach initiative can provide.”⁹

The recent Broadband Opportunity Council Report and Recommendations, issued August 20, 2015, by Secretary Pritzker of the U.S. Department of Commerce, and Secretary Tom Vilsack of the U.S. Department of Agriculture, highlighted the importance of broadband

⁶ Comcast Comments, at 4-5.

⁷ In a 2001 article “Digital Natives, Digital Immigrants,” author Mark Prensky dubbed the term “digital native” to describe the generation of people born during or after the rise of digital technologies, versus “digital immigrants” who are people born before the advent of digital technology.

⁸ Connected Nation Comments, at 21.

⁹ Connected Nation Comments, at 22. Connected Nation proposes two initiatives: Allowing CBOs to have access to the Lifeline income qualification database to allow organizations to recheck whether an individual is eligible for the benefit and inform them of service options (list of providers and offers). Second, the Commission should allow Lifeline subsidies to be applied to connectivity purchased in bulk by CBOs, libraries and community centers who will distribute or target the connectivity directly to serve the low-income population. *Id.*

adoption and meaningful use as a guiding principle for federal policies on broadband. President Obama provided this policy guidance (excerpt only):

It shall be the policy of the Federal government . . . to use all available and appropriate authorities to: . . .

Promote the adoption and meaningful use of broadband technology; and otherwise

Encourage or support broadband deployment, competition and adoption in ways that promote the public interest.¹⁰

In its more detailed recommendations, the Broadband Opportunity Council included the promotion of broadband adoption and meaningful use with three relevant recommendations:

- (1) Expand outreach by Federal Agencies towards high-end communities, *e.g.* communities with low connectivity or with few options for procuring high-speed broadband. Communities that lag in broadband adoption were acknowledged to include seniors, low-income households, persons with lower educational levels, people with disabilities and those living in Indian Country and in rural areas.
- (2) Increase digital literacy by federal agencies incorporating increased digital literacy training and broadband adoption support into online platforms, training programs, and services.
- (3) Encourage meaningful use, with Federal agencies being a leader in encouraging meaningful use of broadband by making services, data and information readily accessible and regularly evaluating online accessibility and use.¹¹

What is significant about the BOC Report is the acknowledgement that the affordability of broadband service is just one aspect of broadband adoption. Encouraging broadband adoption encompasses other strategies, including targeted outreach to “high-need communities,” digital literacy training, broadband adoption support, and encouraging meaningful use by making services, data and information available to all Americans, including to rural Americans or other hard to reach populations using broadband as a tool for access.¹² This holistic approach should be taken into a Broadband Lifeline program. The data is plentiful showing the connection

¹⁰ Broadband Opportunity Council Report and Recommendations Pursuant to the Presidential Memorandum on Expanding Broadband Deployment and Adoption by Addressing Regulatory Barriers and Encouraging Investment and Training, U.S Department of Agriculture and Department of Commerce, Aug. 20, 2015, at 10 (“BOC Report”).

¹¹ BOC Report, at 11.

¹² BOC Report, at 11.

between addressing the barriers of cost, relevance and digital literacy- so that people with adopt affordable broadband. There is an inextricable link if the goal is to accomplish the original purpose of Lifeline to connect each to all.

Further, a 2012 study by the International Telecommunications Union, found that expanding access to affordable broadband services has “considerable positive spill-over effects on the economy,” both in terms of fostering GDP growth and creating jobs.¹³ In light of the chorus of approval for adding broadband to the Lifeline program, CETF has attached as Attachment A the list of organizations and elected officials who are supporters of the five recommendations which are reiterated here:

1. Require stand-alone broadband offered at an affordable rate of \$10.00 per household (without installation fee or equipment fees), and a \$9.25 Lifeline Program reimbursement provided to the Internet service provider (ISP). Another fund should cover the broadband connection charge,¹⁴ and a modem that includes a Wi-Fi router to allow all persons in a household to use broadband¹⁵ and to ensure connection of school-provided electronic devices that only connect to the Internet wirelessly such as tablets. The Link Up program was discontinued yet it should inform the structure of a new fund to make affordable the one-time charges for installation of these essential items of broadband equipment that are required for

¹³ Impact of Broadband on the Economy, Telecom Development Sector, ITU study, dated April 2012, at 3.

¹⁴ This would be similar to the prior Link Up program which paid for the voice installation fee for eligible low-income consumers on the voice Lifeline program.

¹⁵ The router which includes Wi-Fi capability is extremely important to families with school children. School tech programs typically provide wireless tablet devices or laptops that only connect to the Internet through Wi-Fi methods. Modems for the broadband Lifeline program should be required to include routers with Wi-Fi capability so that all members of the household may connect to the Internet at once via a PC, laptop, tablet or smartphone. Disability organizations further point out that unrelated persons with disabilities should be able to each obtain a Lifeline benefit even if they share housing, due to unique needs that each person may have. One example is a deaf person who relies on video services enabled by broadband to communicate via American Sign Language to others.

service. A Broadband Lifeline rate should augment the Telephone Lifeline rate and not force consumers to choose between the two necessary technologies in the program.

2. Establish eligibility in one of two ways, either by: (1) enrollment in one of a large variety of existing federal and state programs designed to assist low-income persons; or (2) income level at 200% of the federal poverty level (FPL). Through an open Request for Proposal, a third-party independent “national verifier”¹⁶ should be selected to handle federal broadband Lifeline eligibility review in an efficient, centralized process, with bi-annual recertification to prevent waste, abuse and fraud.
3. Capitalize an independent fund by contributions from all ISPs at the rate of \$275 for their proportional share of eligible disconnected households to provide grants to states accepting responsibility to coordinate outreach, advertising and education for iBridge programs such as a “broadband council” entity, interested state public utilities commissions, or other groups already serving as the state’s coordinator for broadband initiatives. These funds would support experienced CBOs, schools and libraries performing the essential function of low-income customer acquisition. This local outreach and education by a “trusted messenger” is central to a successful broadband adoption. This broadband adoption work would include in-language and in-culture outreach, digital literacy training, and assistance in subscribing to an affordable broadband service and obtaining an affordable device (for those households without students being issued devices by schools). Funds for the outreach for achieving broadband connections and digital literacy education should be provided from the independent fund per connected household.¹⁷ Administrative fees to run the independent

¹⁶ Broadband Lifeline Notice, at paras. 64-91, at 29-36.

¹⁷ This \$275 per household figure is the amount for broadband outreach by CBOs, schools and libraries that an independent California PUC Administrative Law Judge included as a condition in a Proposed Decision in the now defunct Comcast-Time Warner Cable proceeding. See Proposed Decision of ALJ Bemserderfer (PD), Decision

fund should be no more than 10% or \$25 per household (out of the \$275 contributed). If any state opts out, CETF recommends that the FCC should rely on the resource it developed, EveryoneOn, as the organization to coordinate work in these states with public, private and public-private partnerships to promote options for promotion broadband service including adoption.

4. Authorize states explicitly to implement their own statewide broadband Lifeline program and to resolve broadband Lifeline service complaints about VOIP providers, if they so desire.¹⁸ Grant states the authority to collect and distribute funds for state level broadband Lifeline programs that would supplement the federal broadband Lifeline program, and to resolve any complaints about a state broadband Lifeline program.
5. Utilize a *performance-based and results-oriented* approach with specific numeric goals for broadband adoption in low-income communities. CETF suggests the FCC request a baseline report from ISPs by census block group, then aggregate the data and make it available publicly. The states, anchor institutions, CBOs and ISPs can collaborate on areas that need the most attention and have adequate broadband infrastructure. CETF proposes that all broadband providers develop and submit an annual Broadband Adoption Plan to the FCC and

Granting with Conditions Application to Transfer Condition, Joint Application of Comcast Corp. Time Warner Cable, Inc. et al, California Public Utilities Commission dockets Application (A.) 14-04-013 (filed April 11, 2014) and A.14-06-012 (filed June 17, 2014), App. A, Conditions at 13 (mailed Feb. 13, 2015) (“Comcast shall enroll at least 45% of eligible households in Internet Essentials within two years of the effective date of the parent company merger. . . Comcast shall submit, for Commission approval, a plan to achieve its Internet Essentials enrollment requirement no later than 90 days following the effective date of the parent company merger, and each calendar year thereafter for a period of five years. The plan shall include (1) specific cost details, including but not limited to the amount of funds allocated to outreach and marketing with a minimum amount of \$275 allocated per eligible household. . .”)) Applicants withdrew their applications for the proposed merger after the release of this PD, and it was never voted on by the full state Commission.

¹⁸ The CPUC requires express delegated authority from the FCC to resolve complaints for interconnected VOIP providers due to California Public Utilities (PU) Code 710(b),¹⁸ which prohibits the CPUC from exercising jurisdiction over interconnected VOIP services except as required or expressly delegated by federal law or expressly directed to do so by statute.

state commissions to achieve the National Broadband Plan goal of collectively enrolling 90% of Americans by 2020. CETF requests that the Commission specify elements and activities of the Plan that may be supported by the required budget of \$275 per eligible household for broadband adoption, including funding for: (1) experienced, third-party outreach and sign-ups by CBOs, schools and libraries for targeted low-income communities; (2) effective digital literacy programs in target neighborhoods; (3) technical assistance; (4) acquisition of affordable computing equipment (such as low cost refurbished devices below \$100); (5) independent program management and coordination not to exceed 10% of the cost per household sign-up; and (6) in-language advertising that targets the low-income communities in media they use. CETF recommends goals that are aligned with the National Broadband Plan for 90% adoption of broadband at home by 2020.¹⁹ If aggregated broadband subscription data is public, this transparency will enable more effective and efficient planning and implementation by all the stakeholders. Resources can be focused on areas and blocks with lower subscriptions. Finally CETF recommends that the FCC establish an independent oversight advisory group that includes ISPs to monitor progress toward the 90% goal. State agencies and other non-profit broadband advisory councils should assist in reviewing the broadband plans of providers and implementing them regionally.

B. CETF Supports the Establishment of Minimum Service Standards That Are Adequate for Uses Essential to Education, Public Health and Public Safety as Measured by Substantial Majority of Residential Consumers

CETF recommends that minimum service standards for broadband should be set, but acknowledges that they may vary between fixed broadband, mobile wireless broadband and fixed wireless broadband. While some broadband providers commented that the FCC should not set any minimum service standards or be very cautious in setting minimum standards for

¹⁹ CETF would accept 80% subscribership of home broadband in low-income communities by 2020.

broadband,²⁰ CETF voices its concern that if left up to the current broadband service providers, what will result is the status quo – low-income consumers priced out of the lowest tier of high-speed broadband service, plus the concurrent issue of rural, remote and tribal areas being left with substandard broadband speeds (whether wired or wireless) due to lack of infrastructure investment in these areas by the same ISPs. Thus, CETF recommends that every two years, the FCC staff survey what has become essential to education, public health and public safety, as indicated by what is subscribed to by a substantial majority of residential customers. From this survey, minimum standards for speed, latency and capacity should be set for the different modes of broadband (landline broadband, wireless fixed broadband and wireless mobile broadband). The American Library Association discussed this issue thoughtfully in its Comments, noting that according to the Low-Income Broadband Pilot staff report, participating consumers were most likely to select a mid-range service, suggesting that they were seeking the greatest capacity possible for a cost they could afford. ALA appropriately recognizes that a balance needs to be struck between the cost to the provider for offering high-capacity fixed or mobile broadband and the subsidy Lifeline recipients can receive. Like CETF, ALA agrees that Commission needs a mechanism to ensure minimum service levels proposed stay relevant over time.²¹

CETF agrees that Section 254(b)(3)²² dictates that low-income persons should have access to telecommunications and information services including “advanced services that are reasonably comparable to those services provided in urban areas.” This is why in parallel with efforts in the Lifeline and Link up Modernization and Reform, additional funds should be allocated by the FCC to continue to upgrade broadband infrastructure to that all residents will

²⁰ Comcast Comments, at Executive Summary, Charter Comments, at 3-4 (let consumers choose what they want, bundled or unbundled), Windstream (be technology neutral; let consumers decide what they want), and Small LECs (asking for a complete carve out from any minimum standard).

²¹ American Library Association Comments, at 12-13.

²² 47 USC Section 254(b)(3).

have access to advanced services reasonably comparable to those in urban areas. This infrastructure improvement should be greatly accelerated through programs similar to the Connect America Fund, with a focus on incentives for service providers to make these upgrades.

Most consumer groups, including CETF opposed data caps for broadband Lifeline plans. Current data caps tend to be unrealistically low for current wireless broadband Lifeline programs (both at the FCC and in the states that have their own state Lifeline programs such as California). Exceeding the data caps cost low-income consumers dollars they can ill afford.

CETF agrees that minimum standards could vary between mobile broadband versus fixed broadband plans due to technology differences. In general, a benchmark should be average use of a user with a particular technology (example, landline broadband v. wireless mobile broadband v. fixed wireless service) in an urban area, so that low-income users are not stuck with such a limited service that it is unusable for applications used by the majority of users that are critical for job search, education, health care, access to social and government services, and the like.

CETF supports the comments of the National Association of the Deaf (NAD), Odin Mobile, and American Council for the Blind that recommend that Lifeline broadband minimum service for people who are deaf or have other disabilities should be of adequate bandwidth and data requirements to meet the need of such persons who may need more bandwidth, for example, those who must use videophones and access Video Relay Services to communicate.²³ For people who are blind and visually impaired, Lifeline mobile service is far more than just the ability to make a call. With today's Smartphone technology and accessible apps, people who are blind and visually impaired use mobile phones as a critical day-to-day tool for everything from

²³ NAD Comments, at p. 6.

GPS step-by-step directions, access to real time transportation schedules, live video with friends and volunteers to identify everything from cooking instructions to treatments for a baby's rash. Other applications can read the mail, provide emergency safety alerts, and in a very real sense, provide a lifeline to friends and family, plus true independence. CETF agrees that where people with disabilities are concerned, there should be greater flexibility in the broadband Lifeline service plans offered them to truly accommodate their technology needs. For example, data caps should never be applied to Lifeline plans for the deaf or those who are blind or visually who require high levels of data to access communication services that increase their independence. A data cap would limit his or her ability to communicate and carry on his or her daily activities.

Further, NAD made an important point about accommodation of persons with disabilities who share housing due to being low-income but may have different broadband intensive needs. In situations where there is more than one disabled person living in a household, a broadband Lifeline discount should be afforded to each adult if necessary.²⁴

C. Commenters Strongly Support Establishment of a National Verifier

The comments reflect very strong support for a national Lifeline verifier whose role will be focused on eligibility determinations on a national basis for administrative efficiency, consistency in decisions, and cost effectiveness. Fixed broadband providers seem eager to relinquish the eligibility determinations and administrative burdens relating to the current Landline voice program, for worthy goals such as administrative efficiency, cost savings, and consistency of decisions.²⁵ CETF disagrees with CTIA, however, who suggested limiting the role of the national verifier to just make eligibility decisions.²⁶ CETF has seen the state verifier

²⁴ NAD Comments, at p. 6.

²⁵ These parties include Comcast, Charter, American Cable Association, and Windstream.

²⁶ CTIA Comments, at 14.

in California perform positive outreach activities and customer service duties relating to the Lifeline landline and wireless programs. CETF sees benefits for potential Lifeline consumers to receive straight-forward information about the Lifeline program from a neutral third party (the verifier) without any incentives to upsell the applicant to a higher cost, non-Lifeline retail plan.

Solix proposed a hybrid federal-state approach to have a National Verifier to take advantage of state processes where they exist, but to have consistent data elements that would be set by the FCC for the National Verifier for consistency of eligibility decisions.²⁷ There may be merit to such an approach. As discussed in our initial comments, California has a well-regarded statewide verifier that handles eligibility decisions, consumer outreach and customer service for the state Lifeline program for the entire state.²⁸ CETF recommends that any National Verifier look to any existing statewide verifiers for input and learnings, and ensure that new national processes will not unduly disrupt functional state Lifeline program operations. Similarly CTIA notes that coordinated enrollment for both the federal and state Lifeline programs by a state verifier works well in Florida.²⁹

D. Parties' Comments Showed Consensus for Multiple Programs May Determine Lifeline Eligibility

Many commenters, particularly those representing consumers, minorities and other vulnerable populations supported the proposal that multiple programs be used to determine federal Lifeline eligibility. CETF joins with Connected Nation,³⁰ Verizon,³¹ and others who disagree with the Notice's proposal to only rely on Supplemental Nutrition Assistance Program (SNAP) or the National School Lunch Program for determining eligibility. In California, as

²⁷ Solix Comments, at 2-3.

²⁸ CETF Comments, at Section VI, B at 29.

²⁹ CTIA Comments, at 16.

³⁰ Connected Nation Comments, at 18.

³¹ Verizon Comments, at 5.

noted in CETF's initial Comments, eligibility for the state Lifeline program may be established using *sixteen different programs directed towards the target low-income population*.³² CETF strongly opposes the FCC's proposal of an overly narrow number of programs to determine program eligibility. The purpose is to have a wide net to catch all the people who qualify for affordable broadband to get online; not to reduce the number of Lifeline program users to reduce spending on the program.

Further, CETF cautions that low-income persons, particularly seniors, often feel there is a stigma attached to the acceptance of food stamps, and thus refuse this benefit. The National Council on Aging reports that in FY 2012, 83% of all eligible individuals were enrolled in SNAP, however, just *42% of eligible elderly individuals* were enrolled in the program, including just 24% of elderly individuals living with other people.³³ The stigma that the elderly attach to food stamp programs like SNAP may then preclude them from Lifeline eligibility for broadband service. CETF thus recommends a much broader array of programs directed towards low-income population be used for eligibility similar to the California Lifeline program.

Although AT&T commented that SNAP does not prevent SSI participants from accepting SNAP,³⁴ in fact in California, SSI participants are prohibited from applying for SNAP. CETF requests that SSI be included on any list of eligible programs to qualify for Lifeline. At a minimum, CETF requests California residents on SSI be allowed to participate in the Lifeline program.

³² CETF Comments, at 38-39.

³³ "Senior SNAP Participation Rates Have Risen, But Remain Low", National Council on Aging (August 2, 2015). Further California was noted to have the lowest elderly participation rate, with only 17.9% of eligible people over 60 enrolled in SNAP, nearly 7 percentage points lower than the next state. The Council believes it is most likely due to the high proportion of low-income older people who have limited English proficiency in California. <https://www.ncoa.org/news/ncoa-news/center-for-benefits-news/senior-snap-participation/>

³⁴ AT&T Comments, at 15 (second bullet), and fn 25.

E. Parties Support Funding For Outreach to Target Communities by Experienced Community-Based Organizations

Parties supported the CETF proposal to fund experienced community-based organizations (CBO's) for outreach to target communities. Through projects such as the ARRA broadband adoption grants, the "*Get Connected!*" education initiative of CETF, and other similar outreach programs using CBOs that are "trusted messengers," CETF knows the value CBOs can bring to educate the target communities about the program. Many other parties made similar comments and proposed some non-traditional and intriguing ideas for program outreach that CETF urges the FCC to seriously consider. CETF considers public radio stations to be among the experienced CBOs in promoting broadband adoption with a proven track record and therefore, CETF encourages the FCC to consider among those that can perform outreach, the non-commercial public radio stations licensed by the FCC.

Solix has commented on the importance of multiple channels to disseminate program information, noting that many state agencies and Lifeline service providers establish partnerships with a broad range of stakeholders to expand program outreach efforts, including disseminating information as part of other interactions with households who receive other subsidies or government programs aimed for low-income persons. Similar to CETF, Solix has suggested that effective outreach can include partnering with low-income housing providers. Often affordable housing residents are too poor to be able to afford even the lowest cost broadband service. Enabling bulk purchase of services with a Lifeline subsidy would help organizations such as the Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), public housing authorities, non-governmental organizations, CBOs, Community Housing Development Organizations (CHDOs), Continuum of Care members and other state and local support providers such as foreclosure prevention agencies. Solix also suggests shared

communications with supportive housing networks, Federal Emergency Management Agency (FEMA), Disability Initiatives, Veteran’s Administration (VA) programs, and Community Renewal Act initiatives.³⁵ Benton Foundation urged use of non-traditional providers like small, community-based broadband providers, WISPs, anchors institutions like schools and libraries to participate in Lifeline to increase competition and innovation to the market.³⁶ Connected Nation proposed allowing Lifeline to fund purchases by libraries, non-profit organizations and social service entities to buy broadband connectivity at a discount,³⁷ and distribute it directly to vulnerable, qualifying low-income populations through provision, for example, of a Wi-Fi hotspot at a social services meeting location, library or community center, so our most vulnerable citizens – homeless, immigrants, mentally ill, or migrant workers – could have the benefit of some Internet access to establish free email accounts and have some measure of communication with friends, family and social service providers. Similarly Benton Foundation proposes free or very low-cost wireless broadband as a means to address the affordability barrier to adoption.³⁸

CETF supports these innovative, “thinking outside of the box” proposals because, when it comes to our poorest residents, Internet service must be brought to where they live and where they gather for social and economic services: public agencies providing human services; congregate meal programs;³⁹ affordable housing complexes; and community centers. We urge the FCC to consider a small part of the Lifeline fund to be used to support these types of low-cost or free Wi-Fi connections by anchor institutions or CBOs who are dedicated to assisting

³⁵ Solix Comments, at 18-19.

³⁶ Benton Foundation Comments, at 4.

³⁷ Connected Nation Comments, at 16.

³⁸ Benton Foundation Comments, at 4.

³⁹ “Congregate meals” refer to hot meals served in community settings such as senior center, church or senior community center. Patrons enjoy a social setting in addition to receiving a nutritious meal.

these populations. We further urge the FCC to provide modest funding for CBOs to perform federal Lifeline outreach.

F. Parties Supported Authorizing States to Have Their Own Lifeline Programs And Provide Additional Incentives to Providers

CETF disagrees with CTIA, The Wireless Association and Comcast⁴⁰ who oppose states having Lifeline programs to complement the federal program. CTIA argues to limit the state role as Lifeline transitions to broadband on grounds it is an interstate service.⁴¹ CETF finds this position quite short-sighted. If a state wishes to supplement the federal Lifeline program with a state-funded Lifeline program, a state should be able to add additional benefits for households with low-incomes for this purpose. A state could have many reasons to do this. In California, for example, there is a high cost of living, and thus, a supplemental state Lifeline program helps keep our residents connected when they might otherwise be unable to afford a Lifeline phone and broadband services.

G. CETF Emphasizes that Broadband Rates Must Be Affordable Under the New Lifeline Program

CETF voices serious concerns about whether a subsidy of \$9.25 would be adequate to produce an affordable broadband rate, particularly in light of the substantial evidence that a \$10 per month rate is considered affordable by current low-income consumers of the Comcast Internet Essentials program and other programs similar to it. Notably, this Commission ordered AT&T to offer a discounted broadband rate at \$10 per month, confirming the appropriateness of the \$10 rate as “affordable.” With evidence in the record that average broadband rate plans are

⁴⁰ Comcast Comments, at 12 at note 29.

⁴¹ CTIA Comments, at 15.

\$48 per month,⁴² a Lifeline broadband subsidy of \$9.25 will not result in an affordable rate that low-income consumers can actually afford. If the average rate is \$48, then a \$9.25 broadband Lifeline subsidy leaves \$38.75 for the low-income household to pay, nearly four times more than the current \$10 per month affordable rate.⁴³

CETF also challenges how \$9.25 can be viewed as a forward-looking appropriate subsidy rate.⁴⁴ While it may have been an appropriate rate for a landline voice service run by incumbent local exchange carriers, there is no evidence that it is in any way an appropriate rate for a completely different – and much more expensive – broadband service. Thus, it would be imprudent for the Commission to adopt that figure as a federal broadband subsidy level, when better information exists showing for example that an average entry level broadband plan in the U.S. is at \$48.00, and thus, that subsidy level would not bring the rate to the low-income consumer down to an affordable level.

CETF recommends that the FCC make a finding that \$10 per month is an affordable rate for broadband low-income consumers, and then set a subsidy level that properly takes the rate set for a minimum entry level broadband plan down to the \$10 per month level for eligible program participants. Instead, the Commission is proceeding backwards, by suggesting a \$9.25 subsidy level based on a completely different voice service, without first setting a minimum standard for a broadband plan, and then calculating the average rate for such a plan based on current data collected by the FCC on broadband rates, and then setting the Lifeline subsidy for the difference between that rate and the \$10 per month affordable rate.

⁴² Public Knowledge Comments, at 31.

⁴³ A monthly broadband rate of \$29.25, minus the \$9.25 subsidy, would leave \$20 per month for the low-income household to pay. CETF's experience is that a monthly rate of \$10-\$20 per month is in the range of affordability for low-income households, but for very low-income households (earning less than \$30,000 per year), CETF recommends that an affordable rate should not exceed \$10 per month for low-income consumers.

⁴⁴ CETF wonders if the \$9.25 subsidy has been adjusted for inflation against the Consumer Price Index, for example.

H. CETF Encourages Exploring the Greenlining Proposal of Tiered Subsidies

CETF finds intriguing the proposal Greenlining described of the California PUC tiered subsidy approach used for the wireless Lifeline program.⁴⁵ The California PUC crafted an incentive proposal to encourage providers to offer a minimum of 1,000 minutes of wireless service a month, by giving a higher subsidy for this 1,000 minute plan, a lower subsidy for plans that offered less minutes (500-999 minutes), and no subsidy for a plan offering less than 500 minutes per month. Greenlining suggests a similar tiered approach could be taken for Lifeline plans by broadband providers, where more data could result in a higher subsidy, less data would result in a lower subsidy, and a minimum amount of data would be required to get any subsidy. CETF supports this type of approach so long as the number of minutes available at the minimum rate plan is comparable to uses by an average urban user for essential services related to emergencies, health, education, job search and government services.

Greenlining further advocated a tiered federal subsidy that could encourage states to commit their own funds to the Lifeline program. For example, the FCC could provide a \$2.00 increase in the federal broadband Lifeline subsidy amount for any state that commits to provide an individual state subsidy of at least \$5.00.⁴⁶ CETF supports this innovative approach, because it has seen how the California Lifeline program, working in conjunction with the federal program, has increased telephone penetration in California's low-income population, due to our companion state Lifeline program plus the addition of a popular wireless Lifeline option. This type of innovative thinking is what will result in a more successful broadband Lifeline program.

⁴⁵ Greenlining Comments, at 17-18.

⁴⁶ Greenlining Comments, at 19.

I. CETF Urges Two Subsidies During the IP-Enabled Transition: One for Voice and One for Broadband

Numerous commenters, including CETF, agreed with the position that two subsidies – one for voice and one for broadband – be provided at least during the transition stage of Lifeline converting to a broadband supported program. Public Knowledge proposed keeping mobile and fixed voice in the program for the short-term.⁴⁷ The Leadership Conference on Human and Civil Rights proposed a subsidy for broadband and voice, and a lower subsidy level for voice only.⁴⁸ CETF points out the part of the comments in which AT&T said that in its experience, based on its former Cricket Wireless Lifeline operations, the vast majority of Lifeline customers chose to subscribe to rate plans that included both voice and data where that option was available.⁴⁹ Yet AT&T then suggests that eligible consumers choose either (1) any fixed or mobile voice *or* (2) a broadband Internet access service normally available to a retail customer, and apply the consumers’ Lifeline subsidy to their chosen plan as a “portable benefit.” AT&T’s approach is designed to ensure that Lifeline customers have access to services that are reasonably comparable to non-Lifeline customers, and eliminates the need to have minimum service standards for Lifeline service.⁵⁰ CETF suggests caution in considering AT&T’s approach. First, the Lifeline discount for broadband would need to be significantly higher than the current \$9.25 subsidy level used for the federal Lifeline telephone voice program, given the high cost of current entry level broadband plans. Public Knowledge points out that the average broadband price in the U.S. is \$48.00.⁵¹ Second, having to choose between a voice plan and a broadband plan will likely result in broadband being passed over in order to obtain a single voice option,

⁴⁷ Public Knowledge Comments, at p. 24.

⁴⁸ Leadership Conference on Human and Civil Rights Comments, at 3.

⁴⁹ AT&T Comments, at 8.

⁵⁰ AT&T Comments, at 9.

⁵¹ Public Knowledge Comments, at 31.

because IP-enabled voice options provided by cable operators or over the top providers are not well understood by the general public.

CETF expects that most Lifeline customers will chose rate plans that offer both data and voice (probably wireless voice) when possible. There are some consumers, however, particularly seniors, who will not wish to give up their landline voice services due to unfamiliarity with IP-enabled voice technology or poor reception afforded to their residences from wireless voice options. CETF suggests that for a transition period, a modest Lifeline subsidy continue to cover landline voice services for those who have not been able to make a transition to the Information Age with its smartphones, IP-enabled phones and broadband applications on a personal computer. For others, however, the goal should be for broadband to be the primary Lifeline service, perhaps with a smaller subsidy applied towards mobile voice.

Finally, CETF supports comments that enhanced tribal benefits should remain in place, given the many challenges faced by persons living on tribal lands. Notably, the Navajo Tribe commented that tribal members tend to be low-income, and the tribal lands typically lack broadband infrastructure. Thus their low-income residents do not have options that low-income persons in urban areas have, such as accessing the Internet at public libraries or commercial locations with Wi-Fi hotspots.⁵² CETF supports these comments. California has over 100 federally recognized tribes within its borders. It is our experience that tribal lands have very poor broadband infrastructure and that digital literacy is lower than average on tribal lands.

⁵² AT&T Comments, at 10; Navajo Tribe Comments, at 3.

J. Parties Supported Funding for Digital Literacy Education

Parties supported the call CETF made as well for funding for digital literacy education by community-based organizations. Among them were Leadership Conference on Civil and Human Rights and Everyone On.⁵³ The FCC should provide funding in some way for this important digital literacy education as discussed in the Broadband Opportunity Council Report.

K. CETF Supports Texting as a Covered Lifeline Service

CETF has advocated for texting being included as a covered Lifeline service, and commenters such as Benton Foundation supported this sensible suggestion.⁵⁴ Particularly, disability advocates such as NAD noted the importance of texting to persons who are deaf.⁵⁵ Thus, unlimited texting should be offered as a covered service. In California, unlimited texting is already part of most wireless Lifeline voice plans.

L. CETF Supports Innovative Approaches Using Unlicensed Spectrum

CETF supports comments of those advocating for innovative approaches for public broadband using unlicensed spectrum. CETF is intrigued by the comments of Public Knowledge advocating for use of unlicensed spectrum for Lifeline service, and using as examples the Harlem Free Wi-Fi project and Tribal Digital Village projects.⁵⁶

⁵³ Leadership Conference on Civil and Human Rights Comments, at 3; EveryoneOn Comments, at 2.

⁵⁴ Benton Foundation Comments, at 5.

⁵⁵ NAD Comments, at 10-11.

⁵⁶ Public Knowledge Comments, at p. 29.

M. CETF Supports Lifeline Benefits That Are Portable to Encourage Competition and Innovation

CETF supports comments asking for the ability of Lifeline consumers to easily switch providers to take advantage of different services for their unique needs.⁵⁷ CETF agrees. This seems the very hallmark of our competitive telecommunications and broadband environment. Historically, Lifeline consumers were limited to the incumbent telephone carrier in the past and could not enjoy advanced communications options such as wireless phones, smartphones, or IP enabled options. A bedrock principal of the new Lifeline program should be the portability of the Lifeline benefit and the establishment of incentives to make providers want to serve Lifeline consumers. Barriers to switching should be minimized as much as possible.

II. Conclusion

For all the reasons set forth above, CETF requests the Commission to take swift action to reform the federal Lifeline program to bring affordable broadband to our most needy Americans. Low-income communities deserve the technological tools to gain self-sufficiency, consistent with the five recommendations by CETF above.

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⁵⁷ AT&T Comments, at 10.